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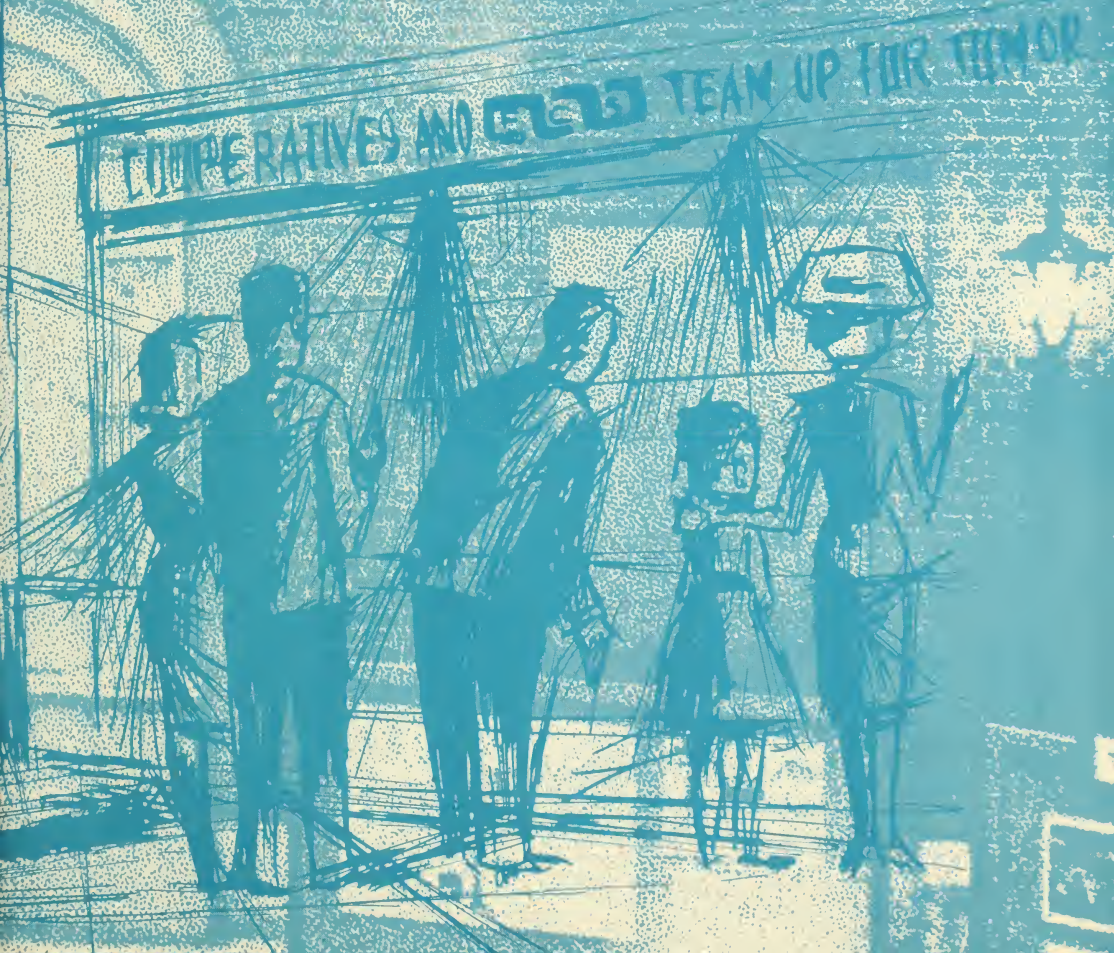
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HELPING RURAL PEOPLE HELP THEMSELVES THROUGH COOPERATIVES

#46





PREFACE

Because cooperatives are one of the vital centers of action for the improved future of agriculture, U. S. Department of Agriculture has a considerable range of activities to help strengthen these rural businesses.

The Department of Agriculture has a long history of working to increase the knowledge of cooperative principles, practices, and efficient operations -- a history tracing back to the formal beginning in 1926 when Congress passed the Cooperative Marketing Act. This set up the Division of Cooperative Marketing to do research, education, and advisory service work with farmers and their cooperatives.

We have brought together into this publication a composite highlight of the present work of all the agencies of USDA that have a responsibility that relates to cooperatives.

It reports briefly on what 15 agencies do. Farm Credit Administration -- because its program with credit cooperatives is so closely allied to agricultural programs -- also reports its activities.

This publication also presents in concise fashion in its early pages facts on what cooperatives are and their present scope of business.

A handwritten signature in dark ink, reading "Orville A. Freeman". The signature is fluid and cursive, with the first name "Orville" being more prominent and the last name "Freeman" following in a similar style.

Secretary of Agriculture

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Helping Rural People Help Themselves-- Through Cooperatives

Through cooperatives--their own businesses--farmers and other rural people increase their income and better their living by--

- realizing a greater net income for the products they sell.
- obtaining production supplies and services more economically and effectively.

Cooperatives help farmers improve their bargaining position, give them influence in the marketplace that they do not have individually. They help both farmers and other rural people secure goods and services--big and little--that make their homes and their communities better places to live.

In helping themselves through cooperatives, rural people inevitably help build a better America. For the benefits of successful cooperatives spread in an ever-widening circle from the home and community to the State, the region, and the Nation.

This factbook outlines briefly the what, why, and how of today's rural cooperatives and the ways in which Government agencies work with them.

Cooperatives-- What? Why? How?

What--

--are cooperatives?

Cooperatives are groups of people who get together to market their products, buy their supplies, or provide themselves other services they need or want as economically and effectively as they can. Cooperatives are business enterprises that are financed, controlled, and operated by members who benefit from these operations.

--are the kinds of rural cooperatives?

The main kinds of rural cooperatives are: Marketing, farm supply, related service, credit, electric, telephone, health, insurance, dairy herd improvement, artificial breeding, and irrigation.

--are the basic cooperative principles?

Operation at cost, democratic control by members, limited returns on capital.

--relation do cooperatives have to the Nation's private business system?

Cooperatives are a part of the private business system. Individuals use them to increase their own incomes or to get better services.

--are some well-known brand names of cooperative products?

Welch grape products, Sunkist and Sealdsweet citrus, Diamond walnuts, Land O'Lakes dairy products, Ocean Spray cranberries, Sunsweet prunes and apricots, Sun-Maid raisins, Norbest and Rockingham poultry.

--are the legal foundations of cooperatives?

All States have statutes under which cooperatives may incorporate. Congress has passed acts giving farmers the right to organize into cooperatives; it has long been the policy of the Federal Government to encourage farmers' use of cooperatives.

--is a patronage refund?

A patronage refund is a member's share of the net savings of the cooperative after it has paid the cost of doing business for the year and set aside capital reserves. This refund is paid to the member in cash or in some other form that states the amount of his investment; its amount is based on the volume of business he has done with the cooperative during the year.

Why--

--do people form cooperatives?

People form cooperatives to obtain services for themselves that they cannot obtain as economically or effectively as individuals. These services may be marketing their products or obtaining goods and other services. A cooperative helps give its members increased bargaining power so they can protect their economic interests more effectively in a world of big business.

How--

--do cooperatives operate?

Cooperatives operate in most respects like other businesses. Members elect a board of directors, which hires a manager to operate the cooperative. The manager hires the employees. The board of directors determines the broad policies of the cooperative, and the manager carries them out. Cooperative management must plan, organize, direct, and control operations as skillfully as any other business firm to attain its objectives.

--do cooperatives differ from other businesses?

Cooperatives are set up to service their own members--not to provide goods and services for others at a profit. A cooperative distributes any savings over the cost of doing business among those who are served by it--in proportion to their use of its services, not in proportion to their investment. Cooperatives are controlled by members--usually one vote to a member--regardless of the amount of capital each has invested. When the basis of control is other than one vote per member, returns on capital are restricted to a fixed, low rate.

--do cooperatives get money to operate?

Capital comes from several sources. Members buy equities in the cooperative, reinvest their proportionate share of its patronage refunds, or authorize deductions from sales proceeds. Cooperatives may also borrow from Banks for Cooperatives of the Farm Credit System, which get their loan funds by selling debentures to investors. Rural electric and telephone cooperatives may obtain funds from the Rural Electrification Administration. Cooperatives also borrow from commercial banks and use other general sources of loan funds.

--do farmer cooperatives benefit nonmembers?

Farmer cooperatives help make farm production more efficient and help improve the quality of food and fiber going to all consumers. Added income to members from cooperatives is spent in home communities. Salaries of cooperative employees add to the business income of the community. Farmer cooperatives are themselves good customers of many other businesses.

Rural Cooperative Facts in Figures

Memberships in all types of rural cooperatives totaled more than 21.5 million in fiscal year 1961-62, with many people holding memberships in more than one cooperative.

The value of farmers' investment in cooperatives now amounts to over \$5 billion. Nearly half of this investment is ownership interest in marketing and farm supply associations.

Marketing, Farm Supply, and Related Service Cooperatives

Latest figures show 9,039 marketing, farm supply, and related service cooperatives, with more than 7 million memberships. Their total net business amounts to more than \$13 billion.

Of the \$13 billion total, net marketing volume accounts for \$10.2 billion; net farm supply volume for almost \$2.6 billion; and net related services for more than \$302 million.

Of the 9,039 cooperatives, 5,626 are predominantly marketing cooperatives; 3,206 are predominantly farm supply cooperatives; and 207 are service cooperatives.

Leading marketing and supply cooperatives are substantial in size, but relatively small compared with major non-cooperative firms that deal in farm supplies or farm products.

Marketing.--Dairy products, grain (including soybeans and soybean products), and livestock and livestock products are the leaders in products marketed by cooperatives. Dairy products account for 34 percent of the net value of all products marketed; grain accounts for 21 percent; and livestock products for 15 percent.

Farm Supplies.--Feed, petroleum products, and fertilizer are the top three in farm supplies handled by cooperatives. Feed accounts for 36 percent of the total net value of supplies handled; petroleum products account for 24 percent; and fertilizer for 15 percent.

Related Services.--The \$302 million total cooperative receipts for services include only those for such services as trucking, storage and grinding, and services of locker plants. Statistics for other types of services are given on page 6.

Credit Cooperatives

Farmers and their cooperatives borrowed \$5.9 billion from the cooperative Farm Credit System in fiscal year 1963-64 and had \$6.9 billion in loans outstanding; they owned \$549 million worth of capital stock in this System.

Over 2,800 farmer cooperatives with an estimated membership of 3.7 million had loans outstanding with the 13 cooperative banks of this System.

The 268,000 members of 681 rural credit unions owned \$107 million in share savings on December 31, 1962.

Rural Electric and Telephone Cooperatives

On July 1, 1964, 935 rural electric cooperatives were serving nearly 5 million members; 222 rural telephone cooperatives were serving approximately 500,000 members.

Other Service Cooperatives

Latest figures for other service type cooperatives show:

- 21 rural health cooperatives with nearly 62,000 members.
- 1,530 mutual fire insurance companies with 3.5 million members and nearly \$35 billion worth of insurance in force.
- 7,700 mutual irrigation companies with nearly 162,000 members providing 40 percent of the water farmers obtain from organized irrigation enterprises in the United States.
- 1,441 dairy herd improvement associations, with 69,000 members having herds on test. Over 2 million cows are in these herds.
- 39 dairy cattle artificial breeding associations, which own or lease 2,072 bulls, serve nearly 592,000 herds, and breed 5.5 million cows.

How Government Agencies Work With Rural Co-ops

Agricultural Marketing Service

Most USDA services that facilitate and regulate the marketing of this Nation's farm products are centered in the Agricultural Marketing Service. AMS does much of its work with and for farmer cooperatives.

Marketing agreements and orders, which are administered by AMS, are self-help farmer programs, usually initiated by cooperatives. Government participation in these programs insures that the agreements and orders will be applied uniformly and equitably and will operate in the public interest.

Development and success of marketing agreements and orders--for milk, fruits, vegetables, and a few other products--depend to a great extent on cooperative leadership.

Grade standards and grading services are available from AMS for the principal farm commodities. Many cooperatives employ these grading services as an effective way to control quality; they carry the USDA grade shield on their packaging to enhance their brand image and facilitate marketing and sales.

Warehouse licensing by AMS in its administration of the U. S. Warehouse Act safeguards billions of dollars worth of farm products stored in farmer cooperative warehouses. This is a service that must be applied for, is provided only to warehouses that can qualify. Receipts for products stored in such licensed warehouses have real value, can be bought, sold, or used to obtain credit.

Other regulatory programs administered by AMS--such as the Packers and Stockyards Act, the Perishable Agricultural Commodities Act, the Federal Seed Act--both regulate and protect farmer cooperatives as well as other private marketing firms. These acts set out rules of fair trading that protect the rights of growers, processors, those engaged in marketing, and the general public.

Other services of AMS used to advantage by cooperatives include:

Activities designed to provide improved transportation services and more reasonable rates for farm products.

The Federal-State market news service which collects and distributes nationwide statistics on prices, supply, and demand for farm products.

Federal-State Marketing Service Matching Fund program administered by AMS. In this program, States receive Federal funds, which they match with State funds to provide marketing services at the State level. An increasing amount of these services is being directed toward helping producer groups and local marketing agencies organize their selling and bargaining efforts.

Surplus removal activities and purchases made to supply the School Lunch and Food Distribution programs. Under these programs, AMS buys foods--particularly those in generous or over supply--from cooperatives along with other businesses. These purchases help stabilize markets and prices for the products.

Agricultural Research Service

Agricultural Research Service aids the development and operations of farmer cooperatives by providing research findings they can use advantageously. Cooperatives spread the knowledge gained from ARS research and encourage prompt adoption of research-based recommendations for improved production, handling, and marketing of farm products.

This direct application of research findings has done much to promote rural progress, increase income of farmers, and provide consumers with high quality food and fiber at reasonable prices.

Some of the results of ARS research that have benefited cooperatives as well as others:

- Improved varieties of crops and higher producing live-stock and poultry. The new crop varieties are resistant

to diseases and insects, produce higher yields, and have qualities wanted and needed by consumers. The higher producing animals have come from breeding, feeding, and management research.

- Ways of automating and mechanizing farm operations.
- Improved fertilizers.
- More effective insect control.
- Soil and water conservation recommendations.
- New food products and better processing methods--with cooperatives often the first to produce and adopt these. Some of these new products--frozen citrus concentrates and concentrated apple juice are examples--cooperatives have helped to develop.
- Improved packaging and handling techniques for agricultural products.

In fact, all phases of the production, handling, and marketing of agricultural products have benefited from the technological changes resulting from agricultural research. Cooperatives have hastened the adoption of these changes and helped achieve prompt adjustments to the improved methods.

Agricultural Stabilization and Conservation Service

ASCS makes agricultural commodity price support available to producers through cooperatives. In 1963, price-support payments made through cooperatives were over one-fourth of all such payments. Some ASCS price-support programs are in part administered through cooperatives.

For such commodities as cotton, soybeans, rice, dry edible beans, and tung oil, marketing cooperatives meeting prescribed standards may receive price support in the same way as an individual producer.

When price support is by purchase, cooperatives may also receive support payments for members and sell products to the Commodity Credit Corporation.

Cooperative grain elevators and other storage facilities are used by members for storage of price-supported commodities. Many cooperatives also store commodities owned by the Commodity Credit Corporation.

Cooperatives administer the field operations of the ASCS support programs for tobacco, peanuts (except farm-stored), and gum naval stores.

Cooperative participation in price support programs has numerous advantages. It helps reduce the cost of administering the programs. It improves members' understanding of these programs, and makes it easier for them to participate.

Cooperative State Research Service and State Agricultural Experiment Stations

The Cooperative State Research Service participates with Directors of State agricultural experiment stations and their staffs and with Departmental agencies in the planning and coordination of agricultural research, including that relating to farmer cooperatives.

State agricultural experiment stations--the primary source of scientific agricultural information in the States--help to provide the basic knowledge put to practical use by farmer cooperatives.

These stations, for example, have developed through research a substantial part of the know-how of agricultural marketing, which has been of material benefit to farmers using cooperatives to sell their products. Also, in numerous States, experiment station studies have led to organization of cooperatives to market specific commodities.

Currently, 23 agricultural experiment stations have 28 active projects dealing specifically with farmer marketing

cooperatives. In addition, a regional research project deals with the financial management of agricultural cooperatives in the Western Region.

Many of the projects underway concern the role of cooperatives in market structures and their potentials for strengthening the position of farmers in the marketplace. In some States, the experiment stations provide commodity price and demand analyses essential to pricing arrangements and to improving farm bargaining power.

The organization and growth of purchasing cooperatives have followed agricultural experiment station research on the seed, feed, fertilizer, and other production requirements of farmers.

In most States, experiment stations have done research directly on problems of cooperatives to assist farm people. Among these are problems in accounting, personnel management, membership relations, pooling, financing, and taxation and legal problems pertaining to cooperatives and to marketing.

Numerous cooperatives have been founded and have succeeded as a result of the initiative and competence of experiment station workers in helping farmers solve specific marketing, purchasing, or service problems. Some of these workers have later become top management employees of the cooperative they helped to establish.

Economic Research Service

Much of farm and market economic research is designed to answer such questions as "Will it pay?" "Which is the best choice?"

Farmer cooperatives--as business concerns--are faced with many such questions. The broad research program of the Economic Research Service provides decision-making infor-

mation for people in every stage of agricultural production and marketing.

To get the goods that farmers produce to consumers has become increasingly intricate and complex. For this reason, there is a continuing search for the facts needed to understand more fully the problems of marketing.

The Economic Research Service keeps a sensitive finger on the pulse of this big business of agriculture. To meet the need for economic information, its economists and market specialists prepare each year some 100 Outlook and Situation reports on farm commodities, along with about 400 research reports. This material is used by many different people connected with agriculture, and by many others as well.

An example of work aimed at helping a wide range of people is marketing economics research.

Here, researchers are concerned with market costs, structure, and development, with market potentials, and with the distribution and merchandising of farm products. They study the movement of agricultural products through the marketing channels right to the consumer. Then they conduct cost analysis studies on the marketing of crops, livestock, and animal products to find ways of increasing efficiency and reducing costs.

Agricultural economists also analyze factors that affect agricultural prices and incomes, commodity outlook and situation, food demand, consumption, and supply. In this work, they study the relations between farm economy and national economy, with an eye also to international economy.

Farm Credit Administration

The Farm Credit Administration, an independent Government agency, supervises nationally what is probably the largest cooperative system in the world--the cooperative Farm Credit System.

This nationwide system comprises:

- 12 Federal land banks and their 750 affiliated land bank associations, which provide long-term mortgage credit for individual farmers.

- 12 Federal intermediate credit banks and their 483 production credit associations (PCA's), which provide short-term operating credit for individual farmers.
- 13 banks for cooperatives--12 district banks and 1 central bank--which make loans to farmer cooperatives.

Farmers and their cooperatives have invested more than \$549 million in capital stock of this System. They borrow about \$6 billion a year from it. It extends 20 percent of the credit used by individual farmers and about 60 percent of the credit used by farmer cooperatives.

Banks in the System obtain loan funds through the sale of securities to investors. This procedure has brought city capital into rural areas.

In supervising the cooperative Farm Credit System, FCA examines the System's banks and associations. FCA employees are Civil Servants, but are not paid out of tax money. All of the agency's expenses are assessed against the banks and associations it supervises.

Farmer Cooperative Service

Farmer Cooperative Service provides research, advisory service, and educational assistance to help farmer-members keep their cooperatives on a sound business basis in the constantly changing agricultural economy.

Research is the foundation of the FCS program. Out of it come basic studies on organization, financing, management membership relations, accounting, merchandising, transportation, and the like.

FCS's advisory service provides help to cooperatives confronted with far reaching organizational and operating problems. Staff members work directly with a cooperative or group of cooperatives, often drawing on research by FCS on the specific problem.

Education in sound cooperative principles and practices rounds out the FCS program. Through publications, workshops, clinics, talks, motion pictures, and other media, FCS

makes results of its work available to those who need this information.

Its monthly magazine, *News for Farmer Cooperatives*, carries highlights of FCS and other research and how-to-do-it stories by many cooperatives.

Education by FCS reaches beyond the borders of this country. FCS helps train foreign nationals, working with 600 of them annually. It helps them select university courses, arranges tours of cooperatives, and furnishes publications.

Farmer Cooperative Service also works closely with State, Federal, national, and international organizations. For instance, it is helping carry out the Rural Areas Development Program by furnishing advisory publications and other aid. The Agency for International Development uses a number of FCS publications and has enlisted the assistance of FCS staff members abroad for temporary assignments. The Peace Corps distributes FCS publications to help its volunteers organize cooperatives in underdeveloped countries.

Each year, the Farmer Cooperative Service participates in the summer session of the American Institute of Cooperation, held for cooperative leaders and agricultural spokesmen from this Nation and others. It also sponsors jointly with this organization workshops in member relations and regional and national conferences on research and teaching in agricultural cooperation.

In these ways, FCS assists the four out of five farmers who belong to the about 9,000 marketing and farm supply cooperatives in the United States, as well as members of other associations providing credit, electricity, irrigation, insurance, recreation, and related services.

Farmers Home Administration

More than 350,000 rural people are currently benefiting from cooperatives financed with Farmers Home Administration assistance. These cooperatives are bringing additional resources to low-income families, strengthening family farms, and revitalizing rural communities.

FHA also advances funds, individually, to farmers who need capital to invest in cooperatives.

Farmers Home Administration assistance is provided when adequate credit at reasonable rates and terms is otherwise unavailable and when the project to be financed is economically feasible.

By providing financing FHA is helping rural cooperatives develop rural water systems and irrigation systems, build rental housing for senior citizens and housing for farm laborers, and shift land use to community recreation areas. FHA is also aiding cooperatives formed by family farmers to obtain needed grazing land resources.

FHA's authority to help cooperatives formed by low-income families has been expanded by the agriculture and housing acts of 1961 and 1962, more recently by the Economic Opportunity Act of 1964. In the past 3½ years, FHA has loaned more than \$70 million to rural cooperatives. Construction of the facilities financed with these funds provided 1.4 million man-days of employment.

Under the most recent act, FHA will help cooperatives formed by low-income farmers develop certain needed facilities that are not otherwise available. Among these are: storage, grading, washing, packing, freezing, and canning plants; sawmills; and slaughterhouses.

They will also help eligible cooperatives to: market agricultural products and handicraft items; purchase farm equipment, feed mixers, and farm supplies; and establish artificial breeding, trucking, and other services.

This special assistance to cooperatives formed by low-income rural families will give more families a chance to work together to solve common problems and to obtain resources they could not afford individually, thus enabling them to work their way to a better living.

Federal Extension Service

Extension county agents were among the first to help farmers organize buying and selling cooperatives. In the past 50 years, Extension's educational programs for cooperatives have broadened to include help with all phases of cooperative operations.

Today, Extension specialists help cooperatives solve problems arising in such fields as organization, transportation, operational efficiency, member relations, market development, quality control, plant feasibility, and director and manager improvement.

An example of Extension work in the last-named field is a program of seminars for directors of cooperatives. In the past 2 years, 41 States have held 296 such seminars, which were attended by 12,000 directors and managers.

Extension specialists also work closely with cooperative staff on programs in genetics, nutrition, fertilizer use, and farm management. Most State 4-H programs include projects dealing with cooperatives as an effective way of doing business.

Foreign Agricultural Service

Developing foreign markets for America's farm products is the primary job of the Foreign Agricultural Service. In doing this job, FAS works closely with cooperatives and other private U. S. trade groups to maintain and expand exports of U. S. foods, feeds, and fiber.

The success of this teamwork is mirrored in the mounting volume and value of our farm exports. In the past 11 years, their annual value has surged from \$2.8 billion to a record \$6.1 billion.

Sharing this big business with the farmers of America are millions of other large and small enterprises that finance, store, process, and transport agricultural products. Among these enterprises are many cooperatives.

Many cooperatives promote exports individually. And many are members of the 40 trade and agricultural organizations that FAS collaborates with in sponsoring promotion programs in more than 60 countries. Private groups contribute about \$6 million annually in money and services to the market development programs; the Government contribution averages about \$10 million a year.

Government-private industry projects to develop markets may increase export sales by: Successfully introducing a new product into U. S. export trade; developing a new market for an existing product not previously exported; breaking into a foreign market where competitive conditions are extremely difficult; or opening a new trade area previously closed by such artificial trade barriers as tariffs or quotas.

Among the market-promotion activities conducted by FAS with the participation of trade groups are:

Exhibits at international trade fairs.-- Since 1955, more than 130 agricultural exhibits have been presented at overseas trade fairs in 35 countries. Through these showcases cooperatives and other exporting firms reach both trade leaders and the public.

Promotion at permanent overseas trade centers.-- FAS provides facilities for farm product promotion at permanent U. S. trade centers in London, Tokyo, and Milan.

Market "intelligence".--FAS collects a large amount of foreign market information from agricultural attaches in 60 U. S. embassies, marketing specialists stationed in such key market cities as Hamburg and Milan, and marketing specialists on its Washington staff who travel extensively. This information is shared regularly with export-minded cooperatives.

Forest Service

Special services to foster forestry-based cooperatives will soon be provided by the U. S. Department of Agriculture in cooperation with State agencies. The Forest Service will lead in this activity, working with five other USDA agencies--Federal Extension Service, Farmers

Home Administration, Farmer Cooperative Service, Soil Conservation Service, and the Office of Rural Areas Development.

Forestry-based cooperatives are those whose businesses relate to forest land management and the harvesting, processing, and marketing of forest products.

Among the special services to be provided are studies of individual situations and--when the need for such a cooperative exists and other factors are favorable--assistance in the organization and effective operation of such cooperatives.

In addition, cooperatives can obtain information and assistance provided by two regular Forest Service programs.

The Forestry Research program furnishes information on available supplies of timber, harvesting and processing methods, new products, and marketing procedures.

The State and Private Forestry program furnishes technical advice in management of forest lands and in harvesting, processing, and marketing products from these lands; this program is operated largely, though not exclusively, through cooperative agreements with State forestry agencies.

International Agricultural Development Service

IALS, established August 1963, coordinates the U. S. Department of Agriculture's international programs of agricultural technical assistance and training. It is the focal point for all requests for such help that come to the Department--requests which often have to do with the need for rural cooperatives in less developed countries.

Technical assistance.--IADS studies requests for foreign technical assistance and makes arrangements for technicians to be sent abroad to give such assistance. These technicians include specialists on rural cooperatives.

Assistance in the foreign country usually consists of giving advice to and working with the government officials

on planning and implementing more effective programs. Assisting foreign governments with cooperatives often involves helping them to get laws on their books that will permit cooperatives.

Training agriculturists from other countries.-- Each year about 4,000 technicians, scientists, and leaders from other countries come to the United States for training in agriculture. In 1963, some 600 of these were trained in cooperative principles and practices.

These "trainees" are, or will become, key career persons having strategic roles in the development of their countries. IADS coordinates and guides their training. It arranges for them special training situations in the Department, at land-grant colleges and other public institutions, and with such private organizations as cooperatives.

National Agricultural Library

Cooperation in agriculture is one of the important subject matter fields with which the National Agricultural Library deals. The Library searches out, acquires, catalogs, preserves, and makes available the literature on cooperation.

The Library collects publications exhaustively, regardless of language or place of publication. It obtains many items not available by purchase through gifts or by exchange of publications. It makes this information available through reference, lending, and bibliographical services.

Current information on cooperation can be found in the Bibliography of Agriculture, which is issued monthly. A special bibliography on cooperative agriculture was published in 1923; this bibliography has been updated numerous times by means of special lists. A new bibliography to supplement these lists and to cover the period 1954-1964 is being prepared for publication sometime in 1965.

Since its establishment, the National Agricultural Library has actively supported the research programs and other activities of the U. S. Department of Agriculture by making available the background and current information needed by those who carry out these programs and activities.

Office of Rural Areas Development

Cooperatives are performing a vital role in the nationwide Rural Areas Development (RAD) effort to strengthen rural communities by--

expanding job opportunities;

sponsoring training programs;

supplying purchasing, marketing, processing, and other needed services that help family farmers and other rural residents earn a parity of income;

helping rural communities improve services;

developing outdoor recreation enterprises for added income.

The strengthening of rural cooperatives and expanding opportunities for them is one of the major objectives of the RAD movement.

The Office of Rural Areas Development is responsible for general staff coordination of the RAD program and for USDA activities under the Area Redevelopment Act. It provides leadership and initiative in formulating current and long-range policies and plans for the RAD effort. ORAD staff members expedite the application of Department of Agriculture resources in assisting State and local organizations and individuals working for the improvement of rural areas.

Rural Electrification Administration

REA lends money to cooperatives and other organizations that provide rural electric service or improve and extend telephone service in rural areas. It also provides technical assistance for these borrowers.

Of the present 1,000 electric borrowers, 935 are consumer-owned rural electric cooperatives. These cooperatives serve nearly 5 million farm families and other rural consumers.

In the past 10 years, members of rural electric co-ops have doubled their use of electric power. At the same time the average cost to them per kilowatt hour has decreased from 3.22 cents to 2.33 cents.

Since 1935, electric cooperatives have borrowed slightly less than \$5 billion to build the systems that now provide about half of this country's rural electrification. They have repaid more than \$2 billion on their loans--\$1,143 million on principal as due, \$237 million on principal ahead of schedule, and \$659 million in interest.

Of the present 838 telephone borrowers, 222 are subscriber-owned cooperatives. Since 1959, in this newer program, telephone cooperatives have borrowed \$378 million to provide modern dial service for more than half a million subscriber-members. They have paid \$62 million to the U. S. Treasury in loan principal and interest.

The electrification and telephone programs have helped improve living conditions for rural people and increase agricultural production. They have created a multibillion-dollar market for electric wiring, appliances, and equipment, and have broadened the tax base by stimulating new production.

REA encourages electric and telephone cooperatives to participate in rural areas development activities that will increase job opportunities and raise community income levels.

Soil Conservation Service

Numerous Soil Conservation on-the-land programs help develop and strengthen farmer cooperatives. These programs are designed to conserve and develop soil, water, woodlands, and other natural resources.

Soil conservation on farms.-- Conservation work on 1.7 billion acres of land in the Nation's 2,965 soil conservation districts lays the foundation for a more stable agriculture, thus providing a better economic base for farmer cooperatives.

Small watershed program.-- This program bridges the gap between conservation on individual farms and that on larger

river basins. Projects may be up to 250,000 acres in size. The design of the projects may include--in addition to flood prevention--provision for development of water supplies for municipal use, for outdoor recreation facilities, and for irrigation projects. These projects can create a favorable climate for expansion and development of industrial, commercial, and cooperative businesses.

Recreation enterprises.--SCS gives technical assistance to farmers, ranchers, and other landowners--individually or in groups--who are establishing income-producing recreation enterprises. In the past 2 years, about 18,000 landowners have developed one or more such enterprises; many of these were developed cooperatively.

This land use broadens the economic base for cooperatives, provides a new source of income for farmers and other rural residents, diverts cropland to other uses, and creates much-needed recreation areas for urban residents.

Resource conservation and development.--Through another program administered by SCS, various individuals and groups in an area--farmers, city people, associations, churches, cooperatives--may work together on a project to improve land use patterns and develop rural natural resources.

Goals of these conservation and development projects will vary from area to area. But they will all seek to accomplish one or more of the following: Strengthen the family farm through conservation planning; develop both private and public outdoor recreation facilities; create new markets for the area's raw materials; encourage rural industry to establish facilities in or near the area.



COOPERATIVES AND CUB TEAM UP FOR TOWN

INFORMATION 46

// Farmer Cooperative Service
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